

FORM A
STATEMENT REGARDING THE ACQUISITION OF CONTROL
OF A DOMESTIC HEALTH CARRIER

PACIFICARE OF WASHINGTON, INC.
(the "Domestic Health Carrier")

By
UNITEDHEALTH GROUP INCORPORATED
(the "Acquiring Party")

Filed with the Insurance Commissioner of the State of Washington

Dated July 8, 2005

Name, Title, Address and Telephone Number of Individuals to Whom Notices
and Correspondence Concerning this Statement Should be Addressed:

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ITEM 1. DOMESTIC HEALTH CARRIER AND METHOD OF ACQUISITION

(a) Name and address of the Domestic Health Carrier. The name and address of the health carrier to which this statement relates are as follows

PacifiCare of Washington, Inc.
5995 Plaza Drive
Cypress, CA 90630-5028

(b) Description of how Control is to be Acquired. UnitedHealth Group Incorporated (the "Acquiring Party") proposes to acquire the Domestic Health Carrier and its affiliates by the merger (the "Merger") of PacifiCare Health Systems, Inc. ("PacifiCare") with and into Point Acquisition LLC ("Acquisition LLC"), a newly-formed limited liability company organized under the laws of the State of Delaware and a wholly-owned subsidiary of the Acquiring Party, pursuant to the terms of the Agreement and Plan of Merger dated as of July 6, 2005 (the "Merger Agreement"), a copy of which is attached as Exhibit 1. The current organizational structure of PacifiCare and its affiliates is shown on the chart attached as Exhibit 2. As reflected in Exhibit 2, the Domestic Health Carrier is currently a subsidiary of PacifiCare. As a result of the Merger, the separate corporate existence of PacifiCare will cease, and Acquisition LLC will survive as a wholly-owned subsidiary of the Acquiring Party. Acquisition LLC, which will succeed to the rights and obligations of PacifiCare and which will be renamed PacifiCare Health Systems, LLC, will indirectly own all of the outstanding voting securities of the Domestic Health Carrier, which will become an indirect, wholly-owned subsidiary of the Acquiring Party. Alternatively, under certain circumstances set forth in the Merger Agreement, at the Acquiring Party's option, the transactions contemplated by the Merger Agreement shall be effected by merging a direct wholly-owned corporate subsidiary of the Acquiring Party with and into PacifiCare, with PacifiCare being the surviving entity. Attached as Exhibit 3 is a chart reflecting the organizational structure of the Acquiring Party and its affiliates following the Merger.

The parties' respective obligations to complete the Merger are subject to the prior satisfaction of certain conditions, including the receipt of all necessary regulatory approvals, including from the Washington Office of Insurance Commissioner.

ITEM 2. IDENTITY AND BACKGROUND OF THE ACQUIRING PARTY

(a) Name and Address of the Acquiring Party. The name and business address of the Acquiring Party seeking to acquire control of the Domestic Health Carrier are as follows:

UnitedHealth Group Incorporated
9900 Bren Road East
Minnetonka, Minnesota 55343

(b) **Nature of the Acquiring Party's Business.** The Acquiring Party is a publicly traded Minnesota general business corporation (NYSE symbol: UNH), formerly known as United HealthCare Corporation. The Acquiring Party is the ultimate parent of all of the UnitedHealth Group entities. The Acquiring Party was incorporated on January 25, 1977 as a Minnesota general business corporation and has not qualified to do business in any other jurisdiction since it functions primarily as a holding company.

The Acquiring Party, through its subsidiary insurers, health maintenance organizations, third party administrators and other service providers, is a recognized leader in designing, organizing and managing health and well-being services, currently serving approximately 55 million Americans. The Acquiring Party's approximately 460,000 network physicians and 4,200 network hospitals across the United States provide individuals with access to quality and cost-effective health care services. The Acquiring Party manages approximately \$60 billion in aggregate health care spending, with its primary focus on improving the American health care system by simplifying the administrative components of health care delivery, promoting evidence-based medicine as the standard for care and providing relevant, actionable data that physicians, health care providers, consumers, employers and other participants in health care can use to make better, more informed decisions.

The Acquiring Party's revenues are derived from premium revenues on risk-based products, fees from management, administrative and consulting services and investment and other income. The Acquiring Party's operating subsidiaries currently operate in all 50 states, the District of Columbia, Guam, Puerto Rico, the U.S. Virgin Islands and internationally.

Overview of the Acquiring Party's Major Business Segments

The Acquiring Party conducts its business primarily through the following business segments: (a) Uniprise; (b) Health Care Services, which includes UnitedHealthcare, Ovations and AmeriChoice businesses; (c) Specialized Care Services; and (d) Ingenix. The following is a brief description of these businesses for the past five years.

Uniprise. Uniprise serves the employee benefit needs of large organizations by developing cost-effective health care access and benefit strategies programs, technology and service-driven solutions tailored to the specific needs of each customer. Uniprise offers consumers access to a wide spectrum of health and well-being products and services. Together with its affiliates, Uniprise's core business provides comprehensive, integrated health benefit services to multi-location employers with more than 5,000 employees, and specializes in large volume transaction management, large-scale benefit design, and innovative technology solutions designed to manage and control medical care costs, facilitate access to care; and transform complex administrative processes into simpler, efficient, high quality automated processes. Uniprise has developed internet-based administrative and financial applications for physician and other health care

provider inquiries and transactions, customer-specific data analysis for employers, and consumer access to personal information and services.

Health Care Services. The Health Care Services segment consists of the UnitedHealthcare, Ovation and AmeriChoice businesses. The three businesses are described in greater detail below.

UnitedHealthcare. UnitedHealthcare coordinates health and well-being services on behalf of local employers and consumers nationwide. UnitedHealthcare's products are primarily marketed to small and mid-size employers with up to 5,000 employees. As of December 31, 2004, this business served approximately 11 million individuals. UnitedHealthcare also administers the payment of customer funds to physicians and other health care providers from customer-funded bank accounts for customers that self-insure the medical costs of their employees and their dependents. UnitedHealthcare offers its products through affiliates that are usually licensed as insurance companies or as health maintenance organizations, depending upon a variety of factors, including state regulations, or as a third-party administrator for self-funded customers.

Through its Golden Rule business unit, UnitedHealthcare offers health coverage and services to individuals and families nationwide. Golden Rule currently serves over 400,000 individuals with a variety of traditional health plans, high deductible plans and short-term medical plans, health savings accounts, and an array of optional benefits, including supplemental accident and term life coverage.

Ovation. Ovation provides health and well-being services for Americans age 50 and older, addressing their unique needs for preventative and acute health care services, services dealing with chronic disease, and services responding to specialized issues relating to their overall well-being. Ovation is one of a few enterprises fully dedicated to this market segment, providing products and services in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Ovation offers a range of health insurance products and services to AARP members, including Medicare Supplement and hospital indemnity insurance, and expanded AARP Nurse Health Line Service to cover beneficiaries of all AARP Medicare Supplement and certain hospital indemnity products.

Ovation offers a pharmacy discount card program, with approximately 1.8 million users, providing access to retail and mail order pharmacy services, and a complimentary health and well-being catalog.

Ovation's Senior & Retiree Services division, through its affiliates, provides health care coverage for the seniors market primarily through the Medicare Advantage (formerly Medicare+Choice) program administered by the Centers for Medicare and Medicaid Services ("CMS"). In the fourth quarter of 2004, Ovation's Senior Retiree Services began offering rural Medicare Advantage Private Fee For Service coverage, servicing 169 rural counties in Iowa, Nebraska, South Dakota and Wisconsin. Under these programs, Ovation provides health insurance coverage to eligible Medicare

beneficiaries in exchange for a fixed monthly premium per member from CMS that varies based on the geographic areas in which the members reside. Through these programs, Ovations was serving approximately 330,000 Medicare beneficiaries and hundreds of employer retiree groups, as of December 31, 2004.

Through its Evercare division, Ovations offers complete, individualized care planning and care benefits for aging, vulnerable and chronically ill individuals, serving approximately 70,000 persons across the nation in nursing homes, community-based settings and private homes. Ovations offers products including enhanced medical coverage to frail, elderly and chronically ill populations in both nursing homes and community settings. These services are provided primarily through nurse practitioners, physicians' assistants and physicians. The Evercare division also offers a Medicaid, long-term health care product for elderly, physically disabled and other needy individuals and a comprehensive eldercare service program providing service coordination, consultation, claim management and information resource.

AmeriChoice. AmeriChoice is a dedicated business unit which works exclusively with selected states to address the needs of their medically vulnerable populations under their Medicaid and other programs for the uninsured. AmeriChoice provides health insurance coverage to eligible Medicaid beneficiaries in exchange for a fixed monthly premium per member from the applicable state. As of December 31, 2004, AmeriChoice organized health care resources and benefits for more than 1.3 million beneficiaries of Medicaid and other government-sponsored health care programs in 13 states.

Specialized Care Services. Specialized Care Services is a portfolio of specialized health and well-being companies. Through United Behavioral Health and its affiliated companies, Specialized Care Services provides behavioral health care benefit services, employee assistance programs and psychiatric disability benefit services that reach more than 22 million individuals. Optum provides personalized health services through its care management, condition management, and longitudinal care management products, and health information assistance, support and related services designed to improve the health and well-being of the more than 24 million individuals it serves. United Resource Networks is the gateway to highly specialized critical care programs at more than 160 medical centers in the United States for approximately 46 million individuals. Dental Benefit Providers and affiliates provide dental benefit management and related services through relationships with nearly 65,000 contracted dental providers for approximately 4 million individuals. National Benefit Resources is a managing general underwriter that originates and administers medical stop loss insurance provided to employers with self-funded employee benefit plans. Spectera is Specialized Care Services' operating platform for the vision benefit market. Spectera administers vision benefits for approximately nine million individuals through employer sponsored benefit plans. Spectera provides comprehensive vision care services through its national network of more than 19,000 private doctors' offices and retail store locations. ACN Group provides benefit administration, network management and access to chiropractic, physical therapy and other complementary and alternative health care services through its network of contracted providers to approximately 19 million consumers. Through its Unimerica

Workplace Benefits group and licensed insurance company, Specialized Care Services markets the sale of group life and accident insurance and complementary group insurance products to small, medium and large employer groups.

Ingenix. Ingenix operates in the field of health care information, serving multiple health care markets on a business-to-business basis. Ingenix products include databases for benchmarking and reimbursement methodology development, software to analyze and report costs and utilization of services, data management services, physician credentialing and provider directory services, HEDIS reporting, fraud and abuse detection and prevention services, and claims editing software.

(c) **Organizational Chart** Attached as Exhibit 4 is a chart presenting the identities of, and the interrelationships among, the Acquiring Party and all affiliates of the Acquiring Party. Such chart indicates the percentage of voting securities of each person which is owned or controlled by the Acquiring Party or by any other such person as well as the type of organization and the state or other jurisdiction of domicile of each entity specified therein. Unless otherwise indicated on such chart or in this Information Statement, each organization is a corporation and control is maintained by the ownership or control of voting securities. No court proceedings regarding a reorganization or liquidation are pending with respect to any entity listed on Exhibit 4.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE ACQUIRING PARTY

(a) **Directors and Executive Officers' Business Addresses.** A list setting forth the names and business addresses of the current directors and executive officers of the Acquiring Party and Acquisition LLC is attached as Exhibit 5. The directors and executive officers of the Acquiring Party and Acquisition LLC will not change as a result of the Merger. To the Acquiring Party's knowledge, the Acquiring Party has no shareholders holding 10% or more of its voting securities.

(b) **Present Principal Business Activity, Occupation or Employment.** The present principal business activity, occupation or employment, including positions and offices held, and the name, principal business and address of any corporation or other organization in which such employment is carried on, with respect to the directors and executive officers of the Acquiring Party and Acquisition LLC named in Exhibit 5, are included in the biographical affidavits for such persons in Exhibit 6.

(c) **Material Occupations, Positions, Offices or Employment.** The material occupations, positions, offices or employment during the last five years, including the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on, with respect to the directors and executive officers of the Acquiring Party and Acquisition LLC named in Exhibit 5 are included in the biographical affidavits included in Exhibit 6. Except as set forth in Exhibit 6, no such occupation, position, office or employment required licensing by or registration with any federal,

state or municipal governmental agency. The current status of any such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith, will be stated in the biographical affidavits.

(d) Criminal Proceedings. To the best knowledge, information and belief of the Acquiring Party, no person listed in Exhibit 5 has been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Nature, Source and Amount of Consideration Pursuant to the Merger Agreement, upon completion of the Merger, each outstanding share of PacifiCare common stock, other than shares held by PacifiCare as treasury stock or held by a person who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such shares in accordance with Delaware law, will be converted into the right to receive 1.10 shares of common stock, par value \$0.01 per share, of the Acquiring Party and \$21.50 in cash (hereinafter, such stock and cash are referred to collectively as the "Merger Consideration"). The exchange ratio is fixed and will not be adjusted to reflect changes in the market price of the Acquiring Party's common stock prior to the date of the Merger. Because the exchange ratio is fixed and will not be adjusted, the implied value of the Merger Consideration will fluctuate with the market price of the Acquiring Party's common stock.

The Acquiring Party expects to fund the cash portion of the Merger consideration through a combination of available cash held by the Acquiring Party (the parent holding company) and the issuance of commercial paper (unsecured, short-term promissory notes to institutional investors) by the Acquiring Party. The Acquiring Party expects to refinance the commercial paper issuance through the issuance of corporate bonds (the "Refinancing Bonds"). The timing of the issuance of the Refinancing Bonds will be dependent upon bond market conditions, but is expected to occur within twelve months of the closing of the Merger. On June 30, 2005, the Acquiring Party executed a commitment letter with two financial institutions, J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., in which the institutions agreed to provide a \$3 billion loan facility with a 364 day term (the "364-Day Credit Facility") to serve as backup liquidity to the proposed commercial paper issuance. The 364-Day Credit Facility will be terminated upon issuance of the Refinancing Bonds. The terms of the 364-Day Credit Facility are substantially similar to the Acquiring Party's existing revolving credit facility.

In connection with the issuance of any commercial paper or Refinancing Bonds, the Acquiring Party will not pledge its own securities or the securities of any of its insurance or HMO subsidiaries, nor will any such insurance or HMO subsidiary provide any guarantees, pledge any assets or issue debt or equity to repay any commercial paper obligations of the Acquiring Party.

(b) **Criteria Used in Determining the Nature and Amount of Consideration**
The Acquiring Party performed a comprehensive due diligence investigation and reviewed among other things, the financial statements, operations, and legal documents of PacifiCare and its subsidiaries. The Acquiring Party utilized widely accepted valuation techniques, including discounted cash flow and guideline company methodologies, to obtain an indication of value for determining the amount of consideration and also considered such additional factors and information as the Acquiring Party deemed relevant under the circumstances. The basis and terms of the Merger, including the Merger Consideration, resulted from arm's-length negotiations between the respective management and representatives of the Acquiring Party and PacifiCare. The respective boards of directors of the Acquiring Party and PacifiCare, after a comprehensive due diligence review and analysis under accepted valuation techniques, have approved the transactions contemplated by the Merger Agreement, determining that the Merger Agreement and related agreements are advisable and in the best interests of the ir respective stockholders.

ITEM 5. FUTURE PLANS OF DOMESTIC HEALTH CARRIER

(a) The Acquiring Party has no current plans or proposals to declare an extraordinary dividend or make other distributions (other than dividends in the ordinary course of business, in compliance with law), to liquidate the Domestic Health Carrier, to sell any of the Domestic Health Carrier's assets (except for investment transactions and minor asset dispositions in the ordinary course of business), to merge or consolidate the Domestic Health Carrier with any person or persons, or to make any other material change in any of the Domestic Health Carrier's business operations, management or corporate structure, in each case except as set forth below.

(b) Following consummation of the Merger, the Acquiring Party intends to closely evaluate the operations and businesses of the Domestic Health Carrier and its other affiliates to determine how best to optimize the value of the operations and business expertise of the Domestic Health Carrier. However, due to antitrust and other constraints, while the parties have had general discussions regarding integration planning, substantive discussions will not be held and a plan will not be developed until following consummation of the Merger. Any resulting action will be taken only in compliance with applicable laws.

(c) Immediately following the consummation of the transactions contemplated by the Merger Agreement, the Domestic Health Carrier will continue to maintain its separate corporate existence and will continue to be managed from its current headquarters. The Acquiring Party's current plans are to make no changes to the senior management or board of directors of the Domestic Health Carrier.

(d) The Acquiring Party has no current plans or proposals to reduce in any material respect the number of employees employed by PacifiCare and its subsidiaries in the State of Washington as a result of the Merger. Pursuant to Section 6.11(b) of the Merger Agreement, the Acquiring Party will provide PacifiCare employees with

compensation and employee benefits that are, in the aggregate, no less favorable than, at the Acquiring Party's election from time to time, either (i) the compensation and benefits provided to PacifiCare employees immediately prior to the Merger or (ii) the compensation and benefits provided to similarly situated employees of the Acquiring Party. It is the belief of the Acquiring Party that both options provide for substantially similar benefits.

(e) As described in Item 4 above, upon completion of the Merger, each outstanding share of PacifiCare common stock, other than shares held by PacifiCare as treasury stock or held by a person who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such shares in accordance with Delaware law, will be converted into the right to receive the Merger Consideration. Thus, the holders of PacifiCare's common stock will become holders of the Acquiring Party's common stock and will have all the rights associated with being a shareholder of the Acquiring Party. Any PacifiCare shareholder who does not vote in favor of the Merger or consent in writing can demand appraisal for his or her shares in accordance with Delaware law.

(f) Following the consummation of the Merger, the Acquiring Party currently expects that the management agreements in effect between PacifiCare and its regulated subsidiaries will remain in effect. Since the PacifiCare employees are expected to become employees of United HealthCare Services, Inc., a wholly owned subsidiary of the Acquiring Party ("UHS"), however, the administrative responsibilities of PacifiCare under such agreements would be delegated to UHS. Additionally, subject to the receipt of all necessary regulatory approvals, the Acquiring Party proposes to cause the Domestic Health Carrier to enter into a tax allocation agreement with the Acquiring Party, which provides for tax allocation among most of its affiliates. Such agreement will be filed under separate cover.

ITEM 6. NOT APPLICABLE

ITEM 7. FOR PROFIT DOMESTIC HEALTH CARRIER INFORMATION

(a) Voting Securities to be Acquired; Basis and Terms of Merger. There are currently 7,850 shares of common stock, no par value per share, of the Domestic Health Carrier issued and outstanding. Upon consummation of the Merger the Acquiring Party will indirectly own all of the outstanding voting securities of the Domestic Health Carrier.

The basis and terms of the Merger, including the Merger Consideration, resulted from arm's-length negotiations between the respective management and representatives of the Acquiring Party and PacifiCare. The respective boards of directors of the Acquiring Party and PacifiCare, after a comprehensive due diligence review and analysis under accepted valuation techniques, have approved the transactions contemplated by the Merger Agreement, determining that the Merger Agreement and related agreements are advisable and in the best interests of their respective stockholders.

(b) Ownership of Voting Securities. None of the Acquiring Party, its affiliates or any person listed in Item 3 has any interests in any other securities of the Domestic Health Carrier, including its notes, bonds and other corporate obligations.

(c) Contracts, Arrangements or Understandings with Respect to Voting Securities. Immediately following the consummation of the Merger, the Acquiring Party will indirectly own 100% of the voting securities of the Domestic Health Carrier. Other than the Merger Agreement, there are no contracts, arrangements or understandings with respect to any voting security issued by the Domestic Health Carrier in which the Acquiring Party, any affiliates of the Acquiring Party or any person listed in Item 3 is involved.

(d) Recent Purchases of Voting Securities. During the past twelve (12) calendar months preceding the filing of this Statement, neither the Acquiring Party, its affiliates or any person listed in Item 3 has effected transactions in any securities of the Domestic Health Carrier.

(e) Recent Recommendations to Purchase Voting Securities. None of the Acquiring Party, its affiliates or any person listed in Item 3, or anyone based upon interviews or at the suggestion of the Acquiring Party, its affiliates or any person listed in Item 3 made any recommendations to purchase any security referred to in Item 7(d) during the twelve (12) calendar months preceding the filing of this Information Statement.

(f) Agreements with Broker Dealers. There are no contracts, understandings or agreements with broker-dealers with respect to solicitation of any voting securities of the Domestic Health Carrier in which the Acquiring Party, any affiliates of the Acquiring Party or any person listed in Item 3 is involved.

ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS

(a) List of Financial Statements and Exhibits. The following is a list of the financial statements and exhibits filed with this Statement:

- | | |
|------------------|-------------------------------------------------------------------------------------------------------------------------|
| <u>Exhibit 1</u> | Agreement and Plan of Merger dated as of July 6, 2005 by and among the Acquiring Party, Acquisition LLC and PacifiCare. |
| <u>Exhibit 2</u> | Current Organizational Chart of PacifiCare and its affiliates, including the Domestic Health Carrier. |
| <u>Exhibit 3</u> | Organizational Chart of the Acquiring Party and its affiliates following consummation of the Merger. |
| <u>Exhibit 4</u> | Current Organizational Chart of the Acquiring Party and its affiliates. |

Exhibit 5 Directors and Executive Officers of the Acquiring Party and Acquisition LLC and their Business Addresses.

Exhibit 6 Biographical Affidavits for Persons listed in Exhibit 5.

Exhibit 7 Annual Reports to Shareholders of the Acquiring Party for the fiscal years ended:

- A. December 31, 2000 including auditors' report.
- B. December 31, 2001 including auditors' report.
- C. December 31, 2002 including auditors' report.
- D. December 31, 2003 including auditors' report.
- E. December 31, 2004 including auditors' report.

The Domestic Health Carrier does not prepare annual reports to its shareholders.

Exhibit 8 Form 10-Q of the Acquiring Party for the period ended March 31, 2005.

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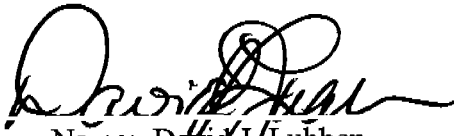
ITEM 9. SIGNATURE AND CERTIFICATION

SIGNATURE

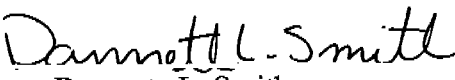
Pursuant to the requirements of RCW 48.31C.030, the Acquiring Party has caused this application to be duly signed on its behalf in the City of Minnetonka and State of Minnesota on the 8th day of July, 2005.

(No Corporate Seal)

UNITEDHEALTH GROUP INCORPORATED

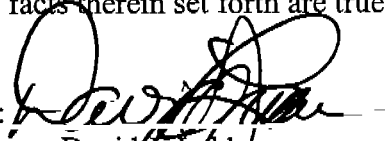
By: 
Name: David J. Lubben
Title: General Counsel and
Secretary

Attest:

By: 
Name: Dannette L. Smith
Title: Assistant Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated July 8, 2005, for and on behalf of UnitedHealth Group Incorporated; that he is the General Counsel and Secretary of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

By: 
Name: David J. Lubben
General Counsel and Secretary